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FOL RPT PARIS 17932 ACTION SECSTATE INFO KINSHASA OTTAWA
BONN BRUSSELS LONDON 6 JUN 78 QUOTE

CONFIDENTIAL PARIS 17932

E.O. 11652: GDS
TAGS: PEPR, EAID, CG
SUBJECT: PARIS MEETING: CALCULATION OF ZAIRE'S
SHORT-TERM ESSENTIAL IMPORTS AND ASSISTANCE NEEDS

1. SUMMARY. AT FIVE-POWER PARIS MEETING ON JUNE 5, A
WORKING GROUP STUDIED QUESTION OF ZAIRE'S SHORT-TERM
ESSENTIAL IMPORTS AND ASSISTANCE NEEDS BASED ON
BELGIAN ESTIMATES. PRELIMINARY CONCLUSION WAS THAT
IMPORTS OF MINIMUM QUANTITIES OF FUEL, FOOD, MEDICINES
AND SPARE PARTS OVER NEXT THREE MONTHS MAY BE ON THE
ORDER OF \$60-\$70 MILLION AND THAT PRESENT OR LIKELY
SOURCES OF FINANCING AND ASSISTANCE MIGHT BE IN-
ADEQUATE. DELS AGREED TO INFORM THEIR AMBASSADORS
IN KINSHASA OF THIS ESTIMATE, ASK THEM TO
MEET TOGETHER TO EXCHANGE THEIR OWN VIEWS ON ZAIRE'S
MINIMUM ESSENTIAL IMPORT AND ASSISTANCE NEEDS OVER
NEXT THREE MONTHS AND TO REPORT BACK TO THEIR CAPITALS
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BY FRIDAY, JUNE 9, SO FIVE DELEGATIONS WILL BE BETTER
PREPARED FOR THE JUNE 13-14 BRUSSELS MEETING. IT
WAS AGREED NOT TO DISCUSS SUCH ESTIMATES WITH THE GOZ
AT THIS STAGE. END SUMMARY.

2. PETROLEUM.
BELGIANS ESTIMATED ZAIRE'S MINIMUM IMPORTED FUELS
REQUIREMENT AT \$15 MILLION PER MONTH (INCLUDING
APPARENTLY FOR ZAIRIAN MILITARY AT PRE-SHABA II
LEVEL). THEY ESTIMATED THAT ZAIRE HAD BEEN IMPORTING

ONLY ABOUT HALF OF THIS LEVEL, BUT NEEDED ASSISTANCE FOR THE ADDITIONAL \$7.5 MILLION IF PROVINCIAL TOWNS SUCH AS IN SHABA AREA WERE TO HAVE ESSENTIAL TRANSPORT AND POWER. THEY RELATED FUEL REQUIREMENTS TO ABILITY TO DISTRIBUTE ESSENTIAL FOOD AND MEDICINES INTERNALLY.

3. MEDICINES.

BELGIANS ESTIMATED AN ABSORPTIVE CAPACITY FOR ZAIRE DURING ONE YEAR OF \$12 MILLION IN MEDICINES AND \$6 MILLION IN OTHER MEDICAL EQUIPMENT AND SUPPLIES. THEY BASED THESE NUMBERS ON THEIR KNOWLEDGE OF MEDICAL REQUIREMENTS SEEN THROUGH THE EYES OF BELGIAN DOCTORS AND TECHNICIANS WORKING FOR MANY YEARS IN ZAIRE. THEY GRANTED AS HOW SOME OF THE MEDICAL EQUIPMENT NEEDS MIGHT NOT HAVE TO BE MET WITH SAME URGENCY AS FOR MEDICINES.

4. FOOD.

BELGIANS ESTIMATED ANNUAL ZAIRIAN IMPORTS OF MINIMUM ESSENTIAL FOODSTUFFS TO BE ABOUT \$115 MILLION. COMMODITY BREAKDOWN WAS AS FOLLOWS: (A) 140,000
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TONS OF CORN EVALUATED AT \$21 MILLION (P.A.), (B) 70,000 TONS OF RICE (\$18 MILLION), (C) 20,000 TONS OF MEAT (\$18.1 MILLION), (D) 42,000 TONS OF DRIED FISH (\$38.1 MILLION), (E) 20,000 TONS OF SUGAR (\$4.7 MILLION), AND (F) 80,000 TONS OF WHEAT (\$14.5 MILLION). THEY RELATED FOOD NEEDS, PARTICULARLY IN ZAIRIAN TOWNS (WITH SOME EMPHASIS ON SHABA, AS WELL AS KINSHASA) CLOSELY TO THE CLIMATE OF POLITICAL AND SOCIAL MALAISE. (IN SIDE TALKS, SOME BELGIAN REPS EVEN OFFERED THEIR "PERSONAL VIEWS" THAT AN AIRLIFT OF EMERGENCY FOOD TO ZAIRIAN TOWNS WOULD SERVE BENEFICIALLY TO CALM THE SITUATION AND REDUCE POTENTIAL FOR DISRUPTIONS.)

5. SPARE PARTS.

BELGIANS HAD NO PRECISE ESTIMATES OF REQUIREMENTS FOR MINIMUM LEVEL OF IMPORTED SPARE PARTS. THEY SAID THEY MIGHT HAVE MORE INFORMATION AT JUNE 13-14 BRUSSELS MEETING. THEY EMPHASIZED IMPORTANCE OF SPARES, FOR EXAMPLE, IN TEXTILE INDUSTRY, TO MAINTENANCE OF EMPLOYMENT AND SOCIAL STABILITY.

6. WORKING GROUP EXAMINATION OF THREE MONTHS OF ZAIRIAN NEEDS.

WORKING GROUP UNDER FRENCH (FROMENT-MEURICE) WAS

FORMED FROM ECONOMIC TYPES ON THE FIVE DELEGATIONS
AND MET FOR SEVERAL HOURS TO EXAMINE THE BELGIAN
ESTIMATES AND THEIR POSSIBLE IMPLICATIONS FOR
EMERGENCY ASSISTANCE TO ZAIRE OVER THE NEXT THREE
MONTHS. BELGIANS TOOK EUROPEAN LEAD IN TRYING TO
EMPHASIZE NECESSITY FOR SUBSTANTIAL EMERGENCY
ASSISTANCE. US REP (CUNDIFF, AFEPS) URGED THAT
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GROUP NOT IGNORE SOURCES OF FINANCING, INCLUDING
Zaire's own export receipts, and the foreign assistance
(such as our recently signed PL480 Title I agreement)
which might fill the minimum essential import gap.

7. SOURCES OF POSSIBLE BILATERAL ASSISTANCE TO ZAIRE.

(A) US REP ON WORKING GROUP REITERATED FIGURES ON
US ASSISTANCE TO ZAIRE, INCLUDING HUMANITARIAN ASSIST-
ANCE (DISASTER RELIEF AND TITLE II FOOD GRANTS FOR
REFUGEES) THROUGH INTERNATIONAL ORGANIZATIONS,
AND ADMINISTRATION'S REQUEST TO CONGRESS IN FY 79 FOR
DEVELOPMENT ASSISTANCE AS WELL AS OUR PLANNING FOR PL
480, TITLE I. HE NOTED THAT USG WAS ALWAYS WILLING TO
CONSIDER HUMANITARIAN ASSISTANCE REQUESTS WHEN THERE
WAS AN IDENTIFIED NEED AND ASSURANCES WITH REGARD TO THE
ACCOUNTING FOR ITS PROPER USAGE. HE REITERATED THAT US
SECURITY SUPPORTING ASSISTANCE COULD BE USED TO HELP
IMPORT NECESSARY SPARE PARTS.

(B) UK REP (DEREK THOMAS) INDICATED UNOFFICIAL
FIGURE OF 10 MILLION POUNDS AS BEING MAXIMUM PACKAGE OF
EMERGENCY ASSISTANCE (AS WELL AS LONG-TERM ADDITIONAL
AID) WHICH UNITED KINGDOM MIGHT PROVIDE, SUBJECT TO
OTHER POTENTIAL DONORS DOING THEIR FAIR SHARE. HE
CAUTIONED THAT THIS FIGURE HAD NOT BEEN DISCUSSED WITH
MINISTERS, BUT ONLY CONSIDERED WITHIN UK GOVERNMENT BY
OFFICIALS. HE SAID UK WOULD CONSIDER DELIVERY OF
LORRIES TO HELP IN DISTRIBUTION OF FOOD. ANY MEDIUM-
TERM BALANCE OF PAYMENTS AID WOULD BE TIED TO BRITISH
EXPORTS. SINCE BELGIAN REP (THUISBAERT) HAD RAISED
HIS "PERSONAL IDEA" OF AIRLIFTING EMERGENCY SUPPLIES,
UK REP SAID THAT THIS WAS NORMALLY "NOT FEASIBLE," BUT
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HE DID NOT RULE IT OUT.

(C) FRENCH (FROMERT-MAURICE) NOTED THAT FRANCE
GAVE ASSISTANCE TO ZAIRE THROUGH THE EUROPEAN COMMUNITY
AND THROUGH BILATERAL PROJECT AID WHICH COULD NOT HELP
MEET SHORT-TERM EMERGENCY NEEDS OF ZAIRE, BUT HE WOULD

LOOK INTO POSSIBILITIES.

(D) GERMAN REP (KAMPANN) SAID FRG COULD PROBABLY CONSIDER FOOD AID. HE COMPLAINED ABOUT THE DIFFICULTIES THE FRG HAD IN DISBURSING ITS CURRENT AID TO ZAIRE.

(E) BELGIANS SAID THEY COULD GIVE FOOD AID AND WERE WILLING TO HELP IN ZAIRE TO ASSURE THE PROPER DELIVERY OF FOREIGN EMERGENCY ASSISTANCE.

8. WORKING GROUP'S PRELIMINARY CONCLUSIONS.

AFTER SEVERAL HOURS OF DISCUSSION, WORKING GROUP'S CHAIRMAN REPORTED ORALLY ROUGHLY THE FOLLOWING CONCLUSIONS:

I. ZAIRE HAS URGENT ECONOMIC NEEDS WHICH RESULT PRINCIPALLY FROM THE ECONOMIC SITUATION BEFORE SHABA II, BUT WHICH HAVE NOW WORSENERD.

II. BASED ON A PRELIMINARY EXCHANGE OF VIEWS OF FIGURES OFFERED BY THE BELGIAN DELEGATION, WHICH REMAIN TO BE EXAMINED FURTHER BY EXPERTS, THE FOLLOWING IMPORTS APPEARED THE MINIMUM NECESSARY OVER THE NEXT THREE MONTHS:

(A) \$22.5 MILLION IN IMPORTED FUELS (I.E \$7.5
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MILLION TIMES THREE);

(B) \$3 MILLION IN HIGHEST-PRIORITY MEDICINES (I.E.
\$1 MILLION TIMES THREE);

(C) ABOUT \$30 MILLION IN FOODSTUFFS (ROUGHLY \$10
MILLION PER MONTH); AND

(D) ALTHOUGH INFORMATION ON SPARES WAS INCOMPLETE, THE TOTAL FIGURE FOR ALL FOUR ABOVE CATEGORIES OF ESSENTIAL IMPORTS FOR NEXT THREE MONTHS MIGHT BE ON THE ORDER OF ABOUT \$60-70 MILLION.

III. WHATEVER EMERGENCY ASSISTANCE MIGHT BE RECEIVED BY ZAIRE, IT WAS NECESSARY THAT THE DISTRIBUTION SYSTEM IN ZAIRE BE EFFICIENTLY MANAGED SO THAT ESSENTIAL IMPORTS REACH THE APPROPRIATE END-USERS, AND THAT THIS ISSUE OF PROPER USE OF ASSISTANCE SHOULD BE TAKEN UP (AT SOME APPROPRIATE TIME) BY OUR AMBASSADORS IN KIN-SHASA WITH THE GOZ. (U.S. REP IN WORKING GROUP CAUTIONED AGAINST ANY ACTION ON ASSISTANCE TO ZAIRE WHICH MIGHT COMPRIZE THE LIKELIHOOD OF A ZAIRIAN PROGRAM OF

STABILIZATION AND REFORMS.)

IV. WORKING GROUP NOTED THREE SOURCES OF POSSIBLE "FINANCING" FOR ZAIRE'S MINIMUM ESSENTIAL IMPORT NEEDS OVER THE NEXT THREE MONTHS: (1) ZAIRE'S OWN EXPORT RECEIPTS, BUT THE OUTLOOK FOR THEM IN VIEW OF THE KOL-WEZI EVENTS WERE POOR AND ALSO DEPENDED UPON MEASURES OF STABILIZATION, REFORM AND CONTROL; (2) INTERNATIONAL CREDITS FROM AGREEMENT WITH THE IMF AND PRIVATE BANKS; (3) FOOD AND PROGRAM AID FROM ALREADY SIGNED ASSISTANCE AGREEMENTS. NEVERTHELESS, IT WAS POSSIBLE THAT THESE

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SOURCES OF ASSISTANCE WOULD NOT SUFFICE OR BE EARLY ENOUGH TO MEET THESE URGENT IMPORT NEEDS.

VI. EACH OF THE FIVE GOVERNMENTS SHOULD STUDY THE SITUATION AND BE PREPARED TO GIVE ITS VIEWS ABOUT EMERGENCY ASSISTANCE TO ZAIRE AT THE BRUSSELS MEETING IN JUNE 13-14. (NOTE: AFTER FRENCH CHAIRMAN GAVE HIS ORAL REPORT, EXPERTS MET WITH HIM AGAIN TO CLARIFY THAT OUR FIVE AMBASSADORS IN KINSHASA SHOULD BE ASKED TO EXAMINE THE PRELIMINARY ESTIMATES AND REPORT BACK THEIR VIEWS TO THEIR CAPITALS BEFORE THE BRUSSELS MEETING SO THAT WE CAN ALL BE BETTER INFORMED ON THE SITUATION. IT WAS ALSO AGREED NOT TO APPROACH THE GOZ AT THIS STAGE ON ITS VIEWS OF EMERGENCY ASSISTANCE NEEDS, IN ORDER TO AVOID AN UNREALISTIC SHOPPING LIST OR THE RAISING OF UNFULFILLABLE EXPECTATIONS.)

9. COMMENT: THROUGHOUT THESE DISCUSSIONS, OUR DISTINCT IMPRESSION WAS THAT THE BELGIANS IN PARTICULAR ARE ANXIOUS TO PROVIDE ZAIRE WITH SUBSTANTIAL EMERGENCY ASSISTANCE AS A WAY OF CALMING POLITICAL AND SOCIAL UNREST. THE RESULT IS THAT THERE IS A TENDENCY TO EQUATE "EMERGENCY ASSISTANCE NEEDS" WITH "MINIMUM ESSENTIAL IMPORTS," AND NOT TAKE INTO ACCOUNT AS CAREFULLY THE RECEIPTS FROM ZAIRE'S OWN EXPORTS OR THE POTENTIAL FINANCIAL ASSISTANCE THAT MIGHT BE MADE AVAILABLE FROM THE IMF. IN ANY EVENT, WE WILL HAVE TO PREPARE OURSELVES ON THIS SCORE FOR THE BRUSSELS MEETING.

10. FOR KINSHASA: IMAGINE YOU WILL BE APPROACHED QUITE SOON BY FRENCH AND BELGIAN AMBASSADORS ABOUT "COLLABORATION OF THE FIVE" IN KINSHASA ALONG THE LINES OF CONCLUSION IN PARA 8 VI. ABOVE. YOUR REPORTING BEFORE THE BRUSSELS MEETING WILL BE USEFUL TO PREPARATIONS OF THE U.S. DELEGATION.

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11. FOR OTTAWA: CANADIAN EMBASSY IN PARIS ASKED US
AFTER THE MEETING ABOUT THE DISCUSSION OF EMERGENCY
ASSISTANCE NEEDS. WE GAVE THEM A BRIEF SUMMARY. THEY
PROMISED TO LET US KNOW FROM OTTAWA WHAT THE FRENCH
TELL THEM ABOUT EMERGENCY ASSISTANCE TO ZAIRE IN THE
COURSE OF THE FRENCH-CANADIAN BILATERALS IN PARIS,
JUNE 5-7.

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UNQUOTE VANCE

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